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UNCLAS SECTION 01 OF 10 TOKYO 002071

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SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 09/09/09

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Kan to represent DPJ in top-level liaison body after coalition government formed

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Fukushima, Kamei likely to assume cabinet posts

Nikkei:

Demand shifting to new generation of memory devices

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Tokyo Shimbun:

Agreement on forming coalition government postponed

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Japan's public spending for education at lowest level among OECD members

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(2) Tough battle between Microsoft and Google will bring about new IT age

Mainichi:

(1) LDP must review its defeat in Lower House election

(2) 25 PERCENT emissions cut: Strategy to influence U.S. and China important

Yomiuri:

(1) DPJ's goal of 25 PERCENT cut in emissions too ambitious

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(1) DPJ government should aim for economic growth with proactive measures for a low-carbon society

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(1) LDP presidential race: Make utmost effort to elect strong leader

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(1) DPJ should present roadmap for 25 PERCENT emission cut

(2) New Komeito should return to original stance of attaching importance to peace and welfare

Akahata:

(1) Need to create a society without school fees

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, September 8

NIKKEI (Page 2) (Full)

September 9, 2009

09:34 Executive meeting at LDP headquarters
00:04 Cabinet meeting at Prime Minister's Official Residence
(Kantei)
10:18 Met Chief Cabinet Secretary Takeo Kawamura
11:44 Met Yoshinobu Shimamura, special adviser to LDP president
12:35 Arrived at Tokyo International Forum in Marunouchi
13:00 National meeting marking the 60th anniversary of system for
rehabilitation of released offenders
14:15 Arrived at LDP headquarters
15:06 General meeting of members of both houses of the Diet
16:21 Met former Prime Minister Yoshiro Mori
16:31 Arrived at Kantei
18:03 Cabinet meeting on monthly economic report
18:29 Met Upper House member Shoji Nishida, joined by Upper House
member Seiichi Eto
19:24 Arrived at official residential quarters

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4) DPJ President Yukio Hatoyama's schedule, September 8

08:57 Left residence in Denenchofu
09:35 Met Upper House member Masamitsu Oishi; followed by Lower
House member Kansei Nakano
11:00 Arrived at DPJ headquarters
12:07 Lunch with party officials at Chinese restaurant Nanpoen in
Nagata-cho; followed by meeting with Chairman Hirofumi Hirano of DPJ
Executive Office
12:55 Met Kyocera Corporation Chairman Emeritus Kazuo Inamori at KI
Kosan Building in Yaesu; Hirano also present at meeting
13:48 Met Secretary General Katsuya Okada, Vice Foreign Minister
Mitoji Yabunaka, Deputy Foreign Minister Kenichiro Sasae at DPJ
headquarters
15:32 Met Lower House member Yoriyoshi Matsuno
16:30 Arrived at personal office
18:35 Dinner with secretary, others at Chinese restaurant Kamonka in
Akasaka
20:12 Met Chairman Jitsuro Terashima of Japan Research Institute
21:37 Arrived home

5) DPJ to launch party leaders' council

YOMIURI (Page 1) (Abridged)
September 9, 2009

The Democratic Party of Japan (DPJ) decided yesterday to set up a council of party leaders, which will be made up of DPJ President Hatoyama, Secretary General Ozawa, and other key party leaders, as its highest decision-making body after coming into office. The council will make unified decisions on Diet affairs, elections, and all other tasks related to party steering.

The DPJ currently makes decisions in a conference of five top executive officers, namely DPJ President Hatoyama, Secretary General Okada, Deputy President Ozawa, Deputy President Kan, and Azuma Koshiishi, chairman of DPJ members seated in the House of Councillors. For now, this gathering is the DPJ's de facto highest decision-making body. Meanwhile, the council of party leaders is to be made up of five party leaders: the DPJ's president, secretary general, Policy Research Committee chair (deputy prime minister and state strategy minister), House of Councillors caucus chair, and Diet Affairs Committee chair. Hatoyama has informally picked Ozawa, Kan, and Koshiishi. Accordingly, the council of party leaders will be made up of these four party leaders plus the Diet Affairs Committee chair.

6) Coalition agreement postponed

TOKYO SHIMBUN (Top play) (Abridged)
September 9, 2009

The Democratic Party of Japan (DPJ), the Social Democratic Party (SDP), and the People's New Party (PNP) yesterday evening held a meeting of their executive officers, including secretaries general, to continue talks for establishing a coalition government. In the

meeting, the three parties failed to close the gap over foreign and security policies. They will meet again today. The DPJ had aimed to reach a coalition agreement yesterday with the SDP and the PNP. However, the three parties have eventually postponed making an agreement until after additional talks to be held today or later.

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The talks among the three parties were first held at the level of policy chiefs. But the talks failed to make any progress. As it stands, the talks have now been raised to the level of secretaries general. In yesterday's meeting, the PNP proposed introducing a bill to the Diet during this fall's extraordinary session for reviewing the current state of now-privatized postal services. On this issue, the three parties basically agreed to create a bill without delay for enactment.

Regarding their U.S. policies, however, the SDP insisted on its stance of reviewing the planned relocation of the U.S. military's Futenma airfield in Ginowan, Okinawa Prefecture, and revising the Japan-U.S. Status of Forces Agreement. In addition, the SDP also took the position that the tripartite coalition agreement should incorporate its stance of firmly maintaining Japan's self-imposed three nonnuclear principles of not producing, possessing, or allowing nuclear weapons into the country. The DPJ made no concessions to the SDP, maintaining that the new government will try to settle bilateral issues, such as the presence of bases in Okinawa Prefecture, while giving thought to the local population's feelings. In the end, the three parties have postponed their conclusion.

7) DPJ, SDP, and PNP reach general agreement on forming coalition administration; Final coordination underway on foreign and security affairs

ASAHI (Top play) (Excerpts)
September 9, 2009

In their talks yesterday for forming a coalition administration, the Democratic Party of Japan (DPJ), the Social Democratic Party (SDP), and the People's New Party (PNP) reached a general agreement on the framework of steering the incoming administration, a review of the postal businesses and other matters. A final agreement was postponed to today due to the need to work out wording regarding foreign and security issues with the SDP. A decision was also made to set up a cabinet committee on basic policies that is composed of the national strategy minister - the post likely to be filled by DPJ Deputy President Naoto Kan - plus three persons to coordinate policies among the three parties.

In the meantime, SDP Secretary General Yasumasa Shigeno sought to document the following items regarding foreign and security issues: (1) opposition to the planned relocation of the U.S. Marine Corps' Futenma Air Station (in Ginowan, Okinawa Prefecture) to the Henoko district (in Nago in the prefecture); (2) a revision of the Japan-U.S. Status of Forces Agreement; and (3) an immediate withdrawal of the Self-Defense Forces from the waters off Somalia in the Indian Ocean. In response, DPJ Secretary General Katsuya Okada presented an amendment, saying: "We will bring solutions to bilateral issues, including the modalities of the bases in Okinawa, based on the feelings of the people of Okinawa," adding, "We will consider support measures based on the real situation in Afghanistan." Okada reportedly did not offer further changes, saying, "With a visit to the United States by 'Prime Minister Hatoyama' coming up, there is a need to consider matters."

8) Special Diet session to convene on Sept. 16 for four days

MAINICHI (Page 2) (Excerpt)
September 9, 2009

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Parliamentary groups in the House of Representatives held their first meeting in the Diet building yesterday and agreed to hold a

special Diet session for four days from Sept. 16 and an election to nominate the prime minister on Sept. 16.

9) Yokomichi to become Lower House speaker

YOMIURI (Page 1) (Full)
September 9, 2009

The Democratic Party of Japan (DPJ) yesterday decided to appoint Takahiro Yokomichi, 66, as speaker of the House of Representatives.

Yokomichi had served as Lower House vice speaker for about four years until the dissolution of the lower chamber in July. The DPJ reached the conclusion that he would be best suited for the post in managing Diet affairs.

Yokomichi is now serving his 10th term in the Diet. He is a prominent member who has served in various posts such as DPJ vice president. The DPJ took such factors into consideration in choosing him as Lower House speaker. He has good relations with Deputy President Ichiro Ozawa, who will be appointed as secretary general. Therefore, Ozawa's view appears to have been reflected in the selection. Yokomichi represents the Lower House Hokkaido No. 1 district. He belongs to the DPJ group affiliated with the former Socialist Party.

10) LDP to vote for Wakabayashi as prime minister

ASAHI (Page 1) (Abridged)
September 9, 2009

The Liberal Democratic Party yesterday held a meeting of its members from both houses of the Diet at its headquarters and decided to vote for former Agriculture, Forestry and Fisheries Minister Masatoshi Wakabayashi, who chairs the joint plenary meeting of LDP Diet members. Wakabayashi is positioned as a provisional candidate in place of Prime Minister Aso, who will resign as LDP president right before voting to elect the prime minister. However, it is unusual for the LDP to vote for a lawmaker who is not a candidate for the LDP presidency.

11) Fukushima, Kamei to join the new cabinet

YOMIURI (Top play) (Lead paragraph)
September 9, 2009

The Democratic Party of Japan (DPJ), the Social Democratic Party (SDP), and the People's New Party (PNP) held their secretaries general meeting in the Diet building last night to finalize their plan to form a coalition administration. Although the three parties reached a general agreement, a final agreement was postponed to today or later owing to the need to coordinate their views on foreign and security affairs. The DPJ presented a plan for party leaders of the SDP and PNP to join the incoming cabinet and to set up a cabinet committee on basic policies as a venue to coordinate policies with the SDP and PNP. The plan was endorsed by the two parties. But because the SDP representative decided to bring up the subject of U.S. bases in Okinawa with the party, a final agreement on the coalition administration was not reached. In the wake of the general agreement, it has now been decided that SDP head Mizuho

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Fukushima, 53, and PNP representative Shizuka Kamei, 72, will join the new cabinet. DPJ Deputy Secretary General Yoshihiko Noda, 52, is also likely to win a portfolio.

12) DPJ proposes allowing Kan to take charge of party head-level consultative body; Agreement postponed due to difficulty in coordinating views on security affairs

MAINICHI (Top play) (Lead paragraph)
September 9, 2009

The Democratic Party of Japan (DPJ), the Social Democratic Party (SDP), and the People's New Party (PNP) held their secretaries general meeting in the Diet building last night to continue

coordinating their views for the establishment of a coalition administration. The DPJ presented the idea of the national strategy minister, instead of the prime minister, joining a cabinet committee on basic policies, a party head-level consultative body, to be set up after the new administration is launched. The proposal did not draw strong objections from the SDP or PNP. But the talks ran into difficulties because the SDP sought an inclusion of a review of the Japan-U.S. Status of Force Agreement regarding foreign and security policies. The three parties are scheduled to resume their secretaries general talks today and aim for a final agreement through talks among the three party heads.

13) DPJ, SDP, PNP agree to reform postal services

SANKEI (Top Play) (Excerpts)
September 9, 2009

The Democratic Party of Japan (DPJ), the Social Democratic Party (SDP) and the People's New Party (PNP) on the evening of September 8 held secretary general-level talks in the Diet building with the aim of forming a coalition government. The PNP has been calling for the submission to the extraordinary Diet session in the fall of a basic bill to revise the postal service privatization plan and legislation to put on hold sales of stocks held by the Japan Post Group. Participants agreed to make efforts to pass these bills into law without delay. They thus reached a general agreement on the policy front. They also vowed to coordinate views among the ruling parties by setting up within the government a cabinet ministerial committee of party head-level persons to discuss basic policies. However, a final agreement has been postponed to Sept. 9 with the SDP disagreeing with the description of a revision of U.S. Forces Japan realignment.

The SDP and the PNP at the secretary general-level talks called for stipulating a revision of the plan for the relocation of the U.S. forces' Futenma Air Station and the launching of talks to amend the Japan-U.S. Status of Forces Agreement. However, Okada was reluctant to comply with their request because Hatoyama plans to visit the U.S. later in the month. As such, the DPJ indicated a compromise plan proposing a settlement of bilateral issues, starting with the nature of U.S. bases, taking the feelings of the people of Okinawa into consideration. However, the SDP said it would submit a reply after internal party talks on the morning of Sept. 9.

Points of DPJ proposals for coalition agreement

Q The cabinet ministerial committee to discuss basic policies joined by party head-level persons of the three parties is to be

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responsible for discussing policies that require coordination of views. The results will be presented and decided on at a cabinet meeting.

Q Immediately consider emergency employment measures.

Q Keep the sales tax rate at 5 PERCENT while the DPJ is in power.

Q Promptly draft a bill to reform postal services, and pass into law.

Q Intensively tackle the settlement of the unidentified pension accounts issue.

Q Extensively transfer administrative authorities to local government after legislating talks between the central and local government.

Q Build a close and equal Japan-U.S. alliance.

Q Settle challenges facing Japan and the U.S., starting with the nature of U.S. bases, taking the feelings of the people of Okinawa into consideration.

Q Vow to observe the Constitution. Priority is to be given to the materialization of various rights guaranteed under the Constitution.

14) Lower House consultative body agrees to elect new prime minister on Sept. 16

NIKKEI (Page 2) (Excerpt)
September 9, 2009

A joint session of various parties in the Lower House was held for the first time yesterday. Participants agreed to call the Diet for a special four-day session starting on Sept. 16 and hold a vote to elect the prime minister on Sept. 16. Democratic Party of Japan President Yukio Hatoyama will be elected as the 93rd prime minister. The Upper House is also expected to elect Hatoyama on the same day.

15) Japanese, Chinese chief envoys to Six-Party Talks discuss North Korean issue

YOMIURI (Page 4) (Full)
September 9, 2009

The Foreign Ministry's Asian and Oceanian Affairs Bureau Director General Akitaka Saiki and Chinese Vice Foreign Minister Wu Dawei, who serve as chief representatives to the Six-Party Talks on the North Korean nuclear issue, held talks yesterday at a Tokyo hotel. The two chief negotiators agreed to steadily implement sanction measures based on a resolution adopted at the United Nations Security Council against North Korea, which announced that it will conduct a nuclear test and that it has entered the final stage of uranium-enrichment. Wu also explained to Saiki the results of his visit to Pyongyang in August.

16) Hatoyama consults with Terashima about U.S. visit

TOKYO SHIMBUN (Page 2) (Full)
September 9, 2009

Democratic Party of Japan (DPJ) President Yukio Hatoyama met with
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Japan Research Institute Chairman Jitsuro Terashima yesterday evening for about 30 minutes at a Chinese restaurant in Akasaka, Tokyo.

Visiting the United States soon after the inauguration of a new cabinet, Hatoyama intends to meet for the first time with U.S. President Barak Obama, as well as hold his first summit meetings with the Chinese and South Korean top leaders.

After his meeting with Terashima, Hatoyama told reporters: "We didn't talk about the selection of cabinet members. He advised me about a speech at the United Nations General Assembly and a series of summit meetings in the United States."

17) DPJ takes cautious stance on U.S. military base issues before Hatoyama-Obama summit meeting

ASAHI (Page 2) (Excerpts)
September 9, 2009

The issue of review of U.S. military bases in Okinawa, which has been the last sticking point in the coalition talks, is an issue whose handling may shake the Japan-U.S. alliance. The Democratic Party of Japan (DPJ), which wanted to avoid going into details as much as possible in anticipation of the first summit meeting between President Yukio Hatoyama and U.S. President Barack Obama later this month, and the Social Democratic Party (SDP), which wanted to include a clear agreement on the reduction and withdrawal of U.S. bases in the coalition agreement, clashed fiercely.

The DPJ's "Okinawa Vision" in 2008 advocated the relocation of Futenma Air Station outside Okinawa or outside Japan. However, its manifesto for the previous general election had toned down the expression.

This is because Futenma relocation is an agreement between the Japanese and U.S. governments and even the DPJ understands that if the plans are scrapped, "this may cause a rift in the alliance

relationship." (in the words of a senior Ministry of Defense official)

Nevertheless, Hatoyama has indicated his willingness to heed Okinawa's wishes. He has said that, "This issue will only go well if the Japanese government, the U.S. government, and the people of Okinawa come to an agreement." Hatoyama wants to build a close relationship of trust with President Obama first through their summit meeting. Based on this relationship, he wants to watch U.S. reaction carefully to determine whether there is any possibility for renegotiation on the U.S. Forces Japan realignment issues.

The DPJ's concern is that if it negates the Japan-U.S. agreement upfront at the start of the coalition government, it will not be possible to build the all-important relationship of trust.

Okinawa is skeptical about the DPJ's policy. Governor Hirokazu Nakaima has stated repeatedly that, "We would like to know their concrete policy." For now, the governor is taking a wait-and-see attitude.

18) Ambassador Bosworth concludes tour of China, South Korea, Japan; U.S. takes soft, tough stance on DPRK nuclear issue

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ASAHI (Page 9) (Full)
September 9, 2009

Yusuke Murayama

U.S. Special Representative for North Korean Policy Stephen Bosworth concluded his visits to China, South Korea, and Japan in relation to the North Korean nuclear issue on September 8. Bosworth indicated that he will consider seriously the DPRK's request for him to visit the country in the next few weeks, while also emphasizing the continuation of the sanctions. The U.S. is poised to draw concessions from North Korea with a carrot-and-stick policy, but there are still a number of serious hurdles to the realization of dialogue.

Bosworth told reporters in Tokyo on September 8 that "the U.S. is not averse to bilateral engagement with North Korea," showing great enthusiasm to find a solution to the nuclear issue through U.S.-DPRK dialogue, which is his longstanding position. During his discussions with the Japanese government he went into the preconditions for such dialogue, which were that it should be "useful and timely" and that "the full support of our partners (Japan, China, South Korea, and others) is necessary."

The background to this is that since the launch of ballistic missiles in early July, North Korea has halted its provocative action for the time being and shifted to a "dialogue offensive" toward the U.S. and South Korea.

On the other hand, the Obama administration has been moving to a "pressure policy" after the DPRK's second nuclear test in May. It has been groping for the right timing to resume the Six-Party Talks - which have become dysfunctional after the DPRK declared its withdrawal - reckoning that "the next step will be U.S.-DPRK talks." (according to a senior State Department official). Since July, after North Korea shifted to a "dialogue offensive," the U.S. has been developing a scenario to press the DPRK to compromise by using the unity of the international community in the imposition of sanctions as leverage, while its senior officials have also talked about "comprehensive proposals" with the normalization of U.S.-DPRK relations as the centerpiece.

Bosworth will look into the pros and cons of dialogue with the DPRK based on the discussions he had during the present trip. However, the hurdles to beginning a dialogue are still formidable.

North Korea has declared that it will "never again participate in the Six-Party Talks" and demanded a shift to bilateral talks with the U.S., so there remains a wide gap with the U.S., which insists that dialogue will have to take place within the Six-Party Talks

framework. It is also not easy to obtain "full support" from Japan and South Korea, which have been concerned that the U.S. and North Korea might move forward on the nuclear issue without their input.

There is also persistent public opinion against unprincipled compromise in the U.S. The Washington Post stated in an editorial on September 2 that if Bosworth's visit to North Korea and such other incentives occur "without a decisive change in North Korean behavior, Kim Jong Il's diplomacy will have triumphed again." Along with its maneuverings against North Korea, the Obama administration will also be tested on how well it can gather support both at home and abroad for direct dialogue.

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19) DPJ President Hatoyama announces 25 percent cut in greenhouse gas emissions, bringing sharp reaction: Looming concern about impact on economy

YOMIURI (Page 2) (Full)
September 9, 2009

Referring to Japan's midterm goal to curb greenhouse gas emissions by 2020, Democratic Party of Japan (DPJ) President Hatoyama on September 7 vowed to aim for a 25 percent cut, compared with the 1990 level. Many cabinet members and business circles voiced concern that huge costs needed to achieve such a goal would deal a blow to the economy.

Economy, Trade and Industry (METI) Minister Nikai during a press conference after a cabinet meeting requested: "It would be very difficult to attain such a goal. Just stating a wish will not do. It is imperative for the DPJ to clarify the process of policies up to the achievement of the goal." State Minister for Economic and Fiscal Policy Hayashi also called for a cautious approach, noting: "It is important to balance the environment issue and the economy. The DPJ should ensure that full-fledged discussions on the issue have taken place domestically before making an international pledge."

Chief Cabinet Secretary Kawamura at a press briefing indicated a skeptical view of the DPJ's plan, saying, "The issue is whether the new government will set such a goal with the knowledge that most gasoline-driven cars will become unable to be used." He also said that the outgoing government adopted a more lenient mid-term target of "cutting emissions by 15 percent in comparison with the 2005 level (8 percent in comparison with the 1990 level) after undergoing repeated discussions amid considerable opposition."

There is a strong sense of criticism in industrial circles that if they have to shoulder massive amounts of energy-saving costs, companies' international competitiveness will be undermined. At a venue where the company was releasing a new model, Honda Motors President Ito said with a stern look, "The proposal far exceeds the common sense of our business plan. It is a very severe goal." Toyota Motors President Toyoda during a press conference urged the DPJ to reconsider the goal, saying, "It is a harsh target. I want the DPJ to reconsider it."

Environment Minister Saito of the New Komeito party, which advocated the same figure as the DPJ's in its policy manifesto, welcomed Hatoyama's statement, saying, "I want to highly praise the new administration's proactive stance to the global environment issue." He hinted at the possibility of his party cooperating with the DPJ with an eye toward Diet strategy after the transfer of power.

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